

CAFETERIA PLAN

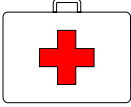
Election Form and Compensation Reduction Agreement


Company Name _____ Plan Year _____ Total Pay Periods Contributing _____


Employee Name _____ Social Security Number _____

Employee Address-Street _____ City _____ State _____ Zip _____

Email Address _____ Phone _____

HEALTH PREMIUMS PAID THROUGH EMPLOYER	
 <p>All eligible premiums are automatically pre-tax, unless you mark the box to the right.</p>	<input type="checkbox"/> NO

DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT	
<p>I elect to reduce compensation, for dependent care expenses, by \$ _____ per each pay period which is a total of \$ _____ for the plan year.</p> <p>I understand that: _____ Reimbursement will be available only for "qualifying" dependent care expenses.</p>	

HEALTH FLEXIBLE SPENDING ACCOUNT (MEDICAL EXPENSES)	
<p>I elect to reduce compensation, for our-of-pocket medical care expenses, by \$ _____ per each pay period which is a total of \$ _____ for the plan year.</p> <p>I understand that: _____ Reimbursement will be available only for IRC §213 Expenses, i.e. expenses deductible on an individual federal tax return.</p>	

I elect to use a MasterCard to pay for Health Flexible Spending Account expenses. I understand the \$35 cost of the card will be deducted from my account when the card is activated. I agree to only use the card for qualified medical expenses that are not reimbursed from insurance or other FSA accounts.



OTHER TERMS AND CONDITIONS

- I understand that:
- _____ An election is made before a year begins and cannot be changed until the next year. No changes are allowed during the year unless there is a change of status. Change in status events include a change in: legal marital status, number of dependents, employment status, a dependent satisfies or ceases to satisfy eligibility requirements and residence. Changes of status must meet the "consistency" requirement.
 - _____ I agree to notify the Company if I have reason to believe that any expense for which I have obtained reimbursement is not a qualifying expense. I also agree to indemnify and reimburse the Company on demand, for any liability it may incur for failure to withhold federal, state, or local income tax or Social Security tax on any reimbursement I receive of a non-qualifying expense, up to the amount of additional tax actually owed by me.
 - _____ The Plan Administrator may reduce compensation reduction or otherwise modify this agreement if advisable in order to satisfy provisions of the Internal Revenue Code.
 - _____ My Social Security benefits may be slightly reduced as a result of my election.
 - _____ This agreement will automatically terminate if the Plan is terminated or discontinued, or if I cease to work for the Company which, before reduction hereunder, is at least equal to the amount of that reduction.
 - _____ If my employment is terminated I agree to contact Denver Reserve regarding my account.



Employee Signature _____ Date _____

Check here to decline participation in the section 125 Cafeteria Plan.

DENVER RESERVE
CORPORATION

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